





# The Internal Taxes—Shall they be Perpetuated or Abolished?

## SPEECH

OF

# HON. WILLIAM D. KELLEY, OF PENNSYLVANIA,

IN THE HOUSE OF REPRESENTATIVES, MAY 1, 1872.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. No. 2322) to reduce duties on imports and to reduce internal taxes, and for other purposes—

Mr. KELLEY said:

Mr. CHAIRMAN: Before proceeding to the discussion of the details of the bills before the Committee of the Whole, it may be proper that I should give notice that when general debate shall have closed and we come to the consideration of the bill by sections, I will move to strike out the enacting clause of House bill No. 2322, which is nominally the bill of the majority of the Committee of Ways and Means, for the purpose of moving in the House that House bill No. 2348 be committed to the Committee of Ways and Means with instructions to report the same, or a part thereof, forthwith for the consideration of the House. I think candor to the House and to my colleagues of the Committee of Ways and Means requires me to make this statement.

I cannot speak of the "bill of the majority," for there is no such bill before the committee. The bill which is called "the minority bill" has my honorable friend from Tennessee [Mr. MAYNARD] and myself to avow our adhesion to its general provisions. But that which is called the "majority bill" comes before us as a waif, fatherless, without parentage; it is in truth *nullus filius*. No man is willing to own its form or features as his lineaments. Those who might be spoken of as its putative father hasten to disown it. And I do not wonder at it, for it is wanting in form and comeliness; and if it has a spirit it is an evil one, that bodes no good to the country.

The gentleman from Illinois [Mr. BURCHARD] when discussing the general subject

rather than the provisions of the bill before the Committee of the Whole, spoke not only for those who agree with him in opinion, but undertook to speak for those who entertain opposite views, and said that—

"The theory of protection asserts that prohibition is the road to national wealth. It discourages foreign trade, although profitable, shuts our market against commodities cheaply produced abroad, and aims to stimulate their home production even at enhanced cost. It concerns itself for a few favored producers, and ignores the rights and claims of consumers; it would force the establishment of manufactories, though unremunerative, and support them by public contribution." "The extreme protectionist's ideal is constrained diversification of industry, commercial independence, Japanese isolation."

Sir, from my boyhood up, being a Pennsylvanian, I have been familiar with protectionists and their arguments; for the last twelve or thirteen years I have studied their writings with assiduity. While a member of the Committee of Ways and Means I have met hundreds if not thousands of the earnest protectionists of the country in this city and elsewhere on business connected with customs duties. And I say without fear of contradiction that I have never found one among them all who entertained any such opinions as those ascribed to them by the gentleman from Illinois, [Mr. BURCHARD.] And therefore on their behalf I disclaim his interpretation either of their views or motives.

By the way, I may remark in passing that I shall not do as the majority have done when kicking their bantling, attempt to interpret the motives of gentlemen. I give them credit for as much honesty of purpose as I myself possess. I believe, however, that they are so infatuated with abstract theories that they cannot take proper note and account of current

facts, and therefore speak in utter disregard of the general results of the last ten years, of the present condition of the industries of the country and of the proportionate distribution of the rewards of industry between capital and labor.

The protectionists of the United States behold in our country a world gifted with all soils, all climates, all mineral resources, and with the powers of wind, water, and fuel on a grander scale than the nations of Europe combined. They believe in developing these resources and making wind, water, fire, and all the powers of nature disclosed to us by science, contribute to the welfare of man. They believe in so applying science and the mechanic arts that the exhausting drudgery of labor may be lifted from the shoulders of the toiling masses and put upon organized iron and steel moved by steam and guided by man or woman.

Sir, if gentlemen will visit the machine-shops in my district (the leading district in the country in machine shops) they will see that the heaviest work done in many of them could by the aid of the machinery with which they are furnished be done by cultured youth and women. The pulley, the wheel, the lever, the screw, and the trip-hammer lift the burden from the muscles of man, and, obedient to his will, achieve their astonishing results.

Yes, sir, the protectionists would develop our natural resources. They would also develop and stimulate commerce. How? By removing all commercial restrictions that intervene between us and the non-manufacturing people of the tropics, the ancient East, and the islands of the sea. The gentleman from New York [Mr. Brooks] spoke of the time when our flag was to be seen in the distant straits of Malacca. Ay, sir, that was when tin and tea and coffee were free. To woo back that commerce the minority of the committee, as protectionists, propose to put tin again on the free list with the productions of the lands which yield us tea and coffee—and those of the people who dwell among the spice groves of the world or find shade beneath trees that drop their medicinal gums. These people produce what we need for food, for medicine, and in the arts; we produce what they need; and we would remove all restrictions from commerce between them and our countrymen.

We would also remove all restrictions on trade and commerce between American citizens. We wish to emancipate our domestic commerce. To-day the trade of our country is so embarrassed that in large lines of industry and commerce no man knows that the revenue detective may not at any moment come upon his premises and degrade him by arrest and ultimate conviction. We are collecting this year from our own productions and commerce between our own people, by stamp and other internal taxes, from one hundred and

thirty-five to one hundred and forty million dollars, thus embarrassing at every point the production of wares, fabrics, agricultural staples, and restraining commerce between American citizens in their own land. Pursuing freedom of trade, the party I represent, the protectionists, would hasten the day when the odious stamp tax shall be repealed, and when no Government detective shall enter the home or the business place of an American citizen on legal errand.

How would we raise sufficient revenue? Sir, beyond the ocean, lying on the same parallels that mark the northern portion of our country, are manufacturing nations—Great Britain, France, Belgium, Germany, and Russia, which latter country is now, under the protective system, engaging largely in competition in foreign markets with Great Britain and France. They produce what we do—iron, steel, and other useful metals. They spin and weave cotton, wool, silk, and other fibers. They manufacture chemicals. They compete with us in all lines of industry. Here, sir, is the field from which the protectionist would raise the revenue of the Government. The laborer of those nations is paid sometimes one eighth the wages of American workmen in the same line; sometimes one seventh, one sixth, one fifth, or one fourth; sometimes, in Great Britain, nearly one half what the American receives for the same work; and rarely or never a larger percentage. Now, Mr. Chairman, the protectionists would levy such duties upon the productions of this under-paid labor as would make its lordly employers pay the expenses of our Government for the privilege of entering our market and impairing the field for employment and the wages of labor in this broad and richly endowed country. They would maintain such duties on productions common to those countries and ours as would protect the American rate of wages, however high it may be raised. They regard a workman's skill at his trade as his estate, and would thus defend and protect him in its enjoyment.

So much for the theory of protectionists as understood by one who believes he serves his country and mankind by advocating it in season and out of season.

What is the policy of the majority of the Committee of Ways and Means? It is not fully expressed in the bill before the committee. The gentleman from Missouri [Mr. FINKELNBURG] says he does not approve the bill and begs the free-traders to take it, though he knows they loath it, and in the same breath he urges the protectionist to take it, for fear some day they may be compelled to swallow a more offensive dose. What a comment this is on the merits of the bill! The gentleman from New York [Mr. Brooks] cannot say he will support it. He gives you instead of such a promise a schedule of a bill which he and his

Democratic colleagues have prepared. Yet, sir, the utterances of those who wish us to accept the bill are in accord; all the speeches are marked by the same general characteristics as the poor little thing which lies fatherless and unrecognized on our files known only as bill No. 2322.

What is the policy of these gentlemen as thus disclosed? Is it to enfranchise commerce between American citizens? No; they propose to maintain a schedule of internal taxes which will yield more than \$100,000,000 a year. They would perpetuate this system. In this I cannot agree with them. Sir, when we shall celebrate the centennial of our independence I do not want the foreigners who shall visit us to find that under our republican Government we have succumbed to a system of stamp taxes which our fathers warred for nearly eight years to overthrow. I do not want to find that if a Spanish or other cigar-maker visits our country, and to support himself makes a few cigars, he will, instead of visiting the centennial exhibition, be incarcerated in your jail, because in this free land he undertook to follow his trade without having gone to the assessor of the district and registered himself, and procured a license. I want the farmer of the South to be free to sell his tobacco in whatever form he pleases, and to him who will give the best price for it. I want to get rid of the unconstitutional export tax on distilled spirits. The Constitution provides that no export tax shall be levied, and yet, sir, we are this day collecting from sixty-eight to seventy cents tax on every gallon of spirits manufactured in this country, and by an express provision of our law are prohibited from refunding more than sixty cents if the whisky be exported; thus indirectly imposing a tax on the export of one of our great staples which the express language of the Constitution prohibits us from doing directly.

I remark, in passing, that the majority bill proposes to retain in full this tax on spirits exported after it has been sold, or otherwise than by being shipped directly from the still-house to the vessel on which it is to be shipped. The tax on spirits less than on sales is sixty-five cents; including sales it is sixty-eight cents; yet gentlemen propose to retain the tax on sales, and thereby collect an export tax of eight cents a gallon on all spirits exported otherwise than directly from the distillery.

What do they propose to do to promote commerce between the manufacturing and the non-manufacturing nations to which I have alluded? Why, sir, their bill is a cruel satire on the catch-words by which it is to be popularized. "Free trade" and "revenue reform" are the cries! Free trade to the farmer who grows tobacco and may sell only to licensed purchasers! Free trade! while maintaining such restric-

tions upon trade between us, the Orient and the nations of the tropics, that no American vessel can go to them for a cargo. Look at it. What does their bill propose? Thank fortune, sir, we have this morning got rid of some of the restrictions these friends of unrestricted trade proposed to maintain. They would have kept a duty of ten cents per pound on tea and two cents a pound on coffee, and these articles have been put into the free list. We have, however, not been so fortunate with regard to the fifteen per cent. on block tin and the duties on spices and gums, which are still dutiable. Free trade! Do they mean unrestricted trade between Americans and the people of countries producing only what we need, and needing what we produce? Oh, no! This trade must be restricted, bound up, hampered, hamstrung, and for what? Why is it to be thus embarrassed and restricted?

It is, sir, that the productions of the cheap labor of Europe may be admitted at lower or nominal rates of duty; that your mines, forges, furnaces and rolling-mills, your woolen, cotton and silk factories may either be closed, or that they who operate them shall be compelled to work at wages approximating more nearly to those paid by the manufacturing nations of Europe. Restrict all trade that can give development to American enterprise, energy, genius, or skill, but make that free which will strike your laborers down to the degradation of those of Europe, is the philosophy of bill No. 2322, against which my colleague on the committee from Tennessee [Mr. MAYNARD] and I protest.

The gentleman from Illinois [Mr. BURCHARD] further said:

"Clamor has been raised from time to time against the internal revenue system. I have not time to enter at large upon the discussion of the relative advantages and disadvantages of the customs and internal revenue systems. It is conceded on all sides that both must, to some extent, be maintained."

Mark you well, Mr. Chairman, "it is conceded on all sides." Pray by whom? Who concedes it?

Mr. BURCHARD. Have you not conceded it?

Mr. KELLEY. Never in this world did I concede it.

Mr. BURCHARD. It is in your bill.

Mr. KELLEY. Yes, it is in my bill, and I will explain why it is there before long. But I may say right here that we cannot strike down the whole system at once and at present; but that I want to put the infernal [laughter]—I should say the internal system of taxation—in the process of speedy, final extinguishment; so that in 1876, when our customs revenue, as I believe it will, shall have reached \$230,000,000 per annum, and our interest account shall have been greatly reduced, the world may assemble to celebrate our one hundredth birthday, and find America a free and untaxed nation. That

is possible, and that I aim at accomplishing.

Mr. Chairman, what the gentleman from Illinois assumes to be conceded on all sides was not conceded by the House of Representatives of the Forty-First Congress, when, on my motion, on the 12th of December, 1870, by a vote almost unanimous, being 166 to 6, it

"Resolved, That the true principle of revenue reform points to the abolition of the internal revenue system, which was created as a war measure to provide for extraordinary expenses, and the continuance of which involves the employment, at the cost of millions of dollars annually, of an army of assessors, collectors, supervisors, detectives, and other officers previously unknown, and requires the repeal at the earliest day, consistent with the maintenance of the faith and credit of the Government, of all stamp and other internal taxes."

Nor, sir, was it conceded by this House, when on the 10th day of April, 1871, on my motion, it reaffirmed that resolution by a vote of 130 to 21. Where is the warrant, then, for saying that it is conceded on all sides?

Mr. BURCHARD. I would suggest to the gentleman that the same House of the last Congress adopted substantially the reductions we propose in this bill on iron and steel.

Mr. KELLEY. I shall not be diverted from the gentleman's point, that the necessity for perpetuating the internal tax system is conceded on all sides. When did the Democratic party concede it? Was it when through the war they were denouncing it as unconstitutional, iniquitous, and inquisitorial? Do they now stand at the back of the three members of the Ways and Means Committee who represent that party on the committee? Are they prepared to insist that they were only speaking in a Pickwickian sense when they said it was unconstitutional; that they never felt it to be inquisitorial; that it is not oppressive, but that they find it altogether lovely?

No, sir; the Democratic party will have changed front if it consents to stand the defender of that system of taxation which it denounced through the whole war and the troublous years immediately following; if its members shall indorse and sustain the demand that our children's children shall be made familiar with the national assessor, tax-collector, supervisor, and detective, and that through all time the avenues to justice in our courts shall be clogged and practically closed as now because they are thronged with revenue suits, harassing citizens for real or alleged violations of the internal revenue laws.

Mr. WOOD. Mr. Chairman, I do not understand that the Democratic party holds any such position as the gentleman from Pennsylvania would ascribe to them.

Mr. KELLEY. I do not ascribe it to them. I assume that the three members of the Ways and Means Committee have counted without their host, and that their party will disown the position they have assumed.

Mr. WOOD. It is in favor of the abolition of the internal revenue system.

Mr. KELLEY. I supposed it was.

Mr. BROOKS, of New York. And with your tariff raise money to support the Government.

Mr. WOOD. Yes; with free tea and coffee.

Mr. KELLEY. Now, sir, approaching the examination of this internal revenue system, I turn to my friend (and I speak it in more than a parliamentary sense) the gentleman from Missouri, [Mr. FINKELNBURG,] for I never knew pleasanter personal relations to exist between members of a large and important committee than those which exist between the members of this committee and between myself and every other member; I say again that I bear testimony to their integrity, and I hope the House will not think that I disparage their judgment by doing so.

The gentleman from Missouri said, in the course of his speech, which from his standpoint was very able, "that during the fiscal year of 1870, 9,000,000 pounds of raw tobacco were sent from the United States into Canada, to be worked up into plugs there for export on account of our high duty on licorice." Now, if this be a fair statement of cause and effect, Dundreary's conundrum is exploded, for it is the tail that waggles the dog. If the duty on licorice impelled the emigration of tobacco manufacturers from our country, it must be, I say, the tail that waggles the dog, and not the dog that waggles the tail.

Let us look at the facts. Licorice is imported as a chemical, and is chiefly used in pharmacy. The whole duty collected on it for the fiscal year of which he spoke, 1870, was \$279,566 80. The portion that went into tobacco cannot be ascertained precisely, but it was probably forty or fifty thousand dollars. I have made the best effort I could to ascertain the amount, and have arrived at the conclusion that it was between forty and fifty thousand dollars; but I will grant the gentleman that it amounted to \$100,000.

Now, I venture to say that during that year no tobaccoist knew that he was paying a duty on licorice. He paid it unconsciously, when he bought the licorice at the current market price; but during that year the internal taxes on tobacco were drawn out by assessment, by supervision, by detectives, by espionage, by arrests, indictments, prosecutions, imprisonment, and by involuntary banishment, attended by the abandonment and forfeiture of all the property which the fugitive left behind him. Yet the gentleman says that the \$100,000 of duty on licorice drove them to Canada, leaving us to suppose that the \$31,350,708 80 collected as internal tax did not disturb them at all, but that they thought it delightful to have that amount collected from them by such processes.

Mr. FINKELNBURG. Was not a portion of that tax returned to the exporters of tobacco?

Mr. KELLEY. I state the amount that was taken from the tobacco trade by internal taxes during that year, and I cannot believe that while they grieved over the duty on license, they gave thanks every night in the family circle that they had had the joy of being arrested, indicted, and prosecuted, because they had not paid a proper proportion of the \$81,350,708 of the internal taxes collected from tobacco. Now, I propose to let one of the constituents of the gentleman from Missouri who has spoken on this point be heard. I refer to Mr. Christian Peper, a tobacco manufacturer of the city of St. Louis. Here is his testimony:

"There were forty-five manufacturers of tobacco in the first district of Missouri ruined because they could not do business honestly. Some were arrested for violation of law, and put in prison, and others ran away. The intention of the law may be good, but there lies a great temptation in it. They will fail sometimes. It is so enticing it draws men on to fraud. We have had nine years' trial under the present laws, and now we ought to have the stamp tried.

"By Mr. MAYNARD:

"Question. Have you any other remedy to suggest except to stamp this plug tobacco?

"Answer. We have held meetings and we could not find any other way but this stamp; we say let the consumer be the judge.

"By Mr. KELLEY:

"Question. Do you think the same abuses exist in other districts?

"Answer. The first district of Missouri will compare favorably with any other district in this matter.

"By Mr. MAYNARD:

"Question. Would we get more money if we made the tax less?

"Answer. Protect us in a similar manner to this stamp and the Government will get every cent. The consumer stands between the Government and the manufacturer. We, as manufacturers, of course, would probably like to have no tax.

"By Mr. KELLEY:

"Question. Do you think this law has demoralized officers as well as manufacturers?

"Answer. Yes, sir."

Now, sir, the people of Missouri are as honest, high-toned, law-abiding as any in the country. And that system of laws that produces such results as these in such a community should be hastened off your statute-books at the earliest practicable day, as a cause of demoralization. Such laws should not be retained an hour beyond the time required for their removal or for which the necessities of the Government imperatively demand their maintenance. I now ask the Clerk to do me the favor, in the further consideration of this branch of the subject, to read a petition from the Cigar-Makers' Union of my district.

The Clerk read as follows:

*To the honorable Senate and House of Representatives of the United States in Congress assembled:*

GENTLEMEN: Your petitioners are cigar-makers who feel aggrieved by the present internal revenue law relating to the manufacture of cigars; more especially by section eighty-two of the law of 1863, imposing taxes on distilled spirits, tobacco, &c. It is the prayer of your petitioners to have the whole of section eighty-two abolished, or so amended as to make it less onerous. In its present form it bears very hard on the small manufacturer, and the prac-

tical cigar-maker. The former find the greatest difficulty in procuring bonds, such as the law demands, and complying with the other requirements of the law, and a great number of them are in this way debarred from practicing their legitimate business as independent men. This law relating to giving bond seems to be superfluous. Of the many millions of cigars manufactured by the many manufacturers in this country last year, we have not heard of a single instance where the Government had to call on the bondsman to satisfy its demands for taxes.

The license or special tax upon manufacturers of cigars has also been levied very unjustly. A manufacturer who employs one or two hundred men pays a special tax of ten dollars. The practical cigar-maker who is out of employment with the manufacturer during a dull season, and has a family depending upon him, is compelled to do something to support that family. He may be a man of delicate health, or perhaps a man maimed in his country's service. What is he to do if he wishes to make cigars? He is compelled to pay a special tax of ten dollars also, and besides give bond with two bondsmen in the sum of \$600, for he cannot buy a single pound of tobacco without proving that he has authority from the assessor to manufacture cigars; and then he cannot offer his cigars for sale without first paying all the tax the Government demands upon them. Are there not safeguards enough to protect the Government against fraud? Make the penalty for violation as severe as it can be made. We do not complain at just laws or just taxation. We are willing to cheerfully pay our proportion of the taxes. All we ask is the privileges enjoyed by other branches of industry in this free and happy land.

Mr. KELLEY. Mr. Chairman, cigar-making is a branch of business in which many women engage. It is a work of the hands. Many of the widows of our soldiers are employed in it. And employing the hands only the soldier who has lost his lower limbs, and is thereby deprived of the power to pursue the more active calling to which he may have been reared, may in a little while learn to make cigars, and in my city many of them have done so. I will read an extract from a letter of Mr. Ingham W. Bisbing, a journeyman cigar-maker and the president of the union whose memorial has just been read, who in a letter addressed to me on the 20th ultimo, thus expresses his views of the system of free trade which the majority of the Committee of Ways and Means propose to perpetuate:

"I cannot understand why cigar-makers are singled out to bear the fetters of unjust restrictions as much as are imposed by the present internal revenue laws. Some undertake to defend the system on the ground that we are engaged in the manufacture of luxuries. Admitting this, then we can say the same of many other trades, yet they are not hampered by like restrictions. If they have a limited capital, and wish to get into business for themselves, they can invest the whole of their capital in stock; while, on the other hand, if a cigar-maker has \$100 and wishes to engage in making cigars, before he can do so he must take from that amount twenty-five or thirty dollars, and so far as receiving any return from it, virtually throw it into the street. It is this advantage the law gives the capitalist over the poor man of which we complain."

The man who means to make a few cigars for sale, the poor widow who would employ herself and her orphan children in making cigars to sell from the front window of her

humble home, must pay the same license as the man who makes and sells cigars by the million per month, and she and each child must seek the assessor, however distant his office may be, and register themselves as cigar-makers before they can legally make a cigar. It is the injustice and inequality of these laws of which people complain. And that injustice and inequality are inherent in the system of internal taxation. So long as it is retained, so long must you put hard provisions in the law for its enforcement. Therefore, I would hasten the abolition of the whole system.

Sir, if by striking out the enacting clause of bill No. 2322, we shall take up the minority bill it will show that the internal tax system is soon to be abolished, and the hard provisions of which I speak will be comparatively unnecessary. But if you mean to perpetuate it, if you mean to say that there shall be free trade between us and the manufacturing nations of Europe, and not between ourselves, you must retain the hard provisions to which I now invite your attention.

The bill also provides how the farmer may sell his crop, and in what quantities he may sell it; I mean the farmer who grows tobacco. What! has it come to that, that an American citizen may not sell his crop where he pleases and as he pleases? Yes, if you are going to perpetuate this anti-republican system of taxation, you must, in order that the manufacturer of tobacco may be able to pay his taxes, provide that the farmers shall not sell unmanufactured tobacco to those who may smoke or chew it. The bill requires every ignorant freedman who may raise a hundred pounds of tobacco, and who may have the opportunity to sell it for direct consumption, to forego his chance and sell it to a licensed manufacturer or dealer in leaf tobacco, or to run the risk of losing every pound he may have raised.

Now, if the minority bill shall be brought up for consideration, it will be fairly presumable that we intend to get rid of this system of taxation in the course of a few years, and we may strike out these clauses which define the persons to whom man may sell his tobacco and the form in which it may be sold.

Sumptuary laws! Talk no more of Connecticut blue laws, you Democrats who believe in regulating how much tobacco a man may sell to unlicensed purchasers, and in what form it may be sold to citizens who would smoke or chew it as it came from nature. When you shall declare that such provisions are to be perpetual in our laws, you will have eclipsed all that has seemed odious in the alleged blue laws of Connecticut.

Again, to insure the collection of the taxes imposed on the dealer in leaf tobacco and the manufacturer of tobacco, the peddler must be compelled to put in large letters on both sides of his wagon "tobacco for sale," and he must

carry his license to deal in this proscribed staple of our country wherever he may go. And, sir, should one cunning and dishonest detective pick his pocket of his license, another can demand its production, and if the peddler cannot show what has been stolen from him, his pack, his mule, his horse, his wagon, his stock may all be forfeited and sold. They will all go, because he cannot produce his license, though he be hundreds of miles from home and from the office of the collector to whom he paid his tax, and show that he has bought and paid for the privilege of exchanging his goods for tobacco with farmers, or of exchanging tobacco with them for their money or wool or other farm product.

Mr. ELDREDGE. Will the gentleman tell us what Democrats voted for that proposition? If I recollect rightly, when that proposition was under consideration, every Democrat voted against it, and the gentleman advocated it.

Mr. KELLEY. The gentleman's memory is too good. It has never been before the House. It comes a new proposition before it now, under the patronage of those who though sadly divided in counsel claim to be the majority of the Committee of Ways and Means.

Mr. BURCHARD. The gentleman does not do justice either to himself or to the majority of the committee, as he was on the sub-committee that examined the subject and reported upon it.

Mr. KELLEY. Mr. Chairman, will not gentlemen understand me? I say that the provision is in both bills, and that if you are going to maintain and perpetuate the system of internal taxes, it must stay there. The only way to get rid of it is to determine that the whole system shall be put in process of speedy final extinction. If this is done, we may omit it.

Mr. RANDALL. When did the gentleman find Democrats voting to continue it any more than his own political associates?

Mr. KELLEY. I do not assail the Democratic party.

Mr. RANDALL. Whom do you assail?

Mr. KELLEY. I only say that their representatives on the Committee of Ways and Means aim at perpetuating the system. The gentleman from New York [Mr. Brooks] submitted to us yesterday the programme of the Democratic members of the committee, which includes the retention of the internal tax system to the extent of more than one hundred million dollars per annum.

Mr. RANDALL. We, as a party, are not responsible for the action of any gentleman of the committee.

Mr. KELLEY. I am glad to hear my colleague disavow the action of his Democratic associates. I have suspected that they did not represent their party.

Mr. RANDALL. Certainly they do not represent the Pennsylvania Democracy.

Mr. KELLEY. I know that the Pennsylvania Democracy will assist in getting rid of the whole system.

Mr. ELDRIDGE. Did not the gentleman help his party in carrying through the original proposition?

Mr. KELLEY. Am I getting a little too hot for the gentleman? I will wait to hear from my associates on the Committee of Ways and Means.

Mr. ELDRIDGE rose.

Mr. KELLEY. I do not yield to the gentleman further. Now, sir, my friend from Kentucky, [Mr. BECK,] my colleague on the committee, told us some days since a heart-rending story relating to the operations of the law imposing a tax on spirits. He was a member of a joint committee of the two Houses, and while the members of that committee were at Huntsville, Alabama, performing their duty by looking into the habits of the people and the institutions of that locality, they observed two boys, twelve or fourteen years of age, driving a wagon loaded with apples, which they were peddling upon the streets. The boys stopped at a grocery, where, according to the statement of my friend from Kentucky, they said their father was about making some vinegar, and wanted a barrel to put it in. They paid, I think he said, fifty cents for an empty barrel which had had whisky in it, such a barrel being thought to have peculiar merits for preserving vinegar. Having made their purchase, and put their barrel in the wagon with their apples, they started off. But as they passed the hotel a minister of the law and representative of its majesty observed an uncanceled whisky stamp upon the barrel. The law stepped forward in his person and seized the horse and mule, the boys, the barrel, the wagon, and the apples, and brought them all before a justice; and while the horse and mule, the beautiful team that drew the wagon, were, with the wagon, the apples, and the barrel, confiscated, the two boys were incarcerated in the county jail as monumental witnesses of the freedom of trade between American citizens!

Now, Mr. Chairman, whether that was a conspiracy to cheat the Government by filling the barrel with whisky or an innocent transaction, we are left to conjecture; but, be that as it may the fact is illustrative of the freedom of our internal commerce.

Mr. BECK. The gentleman from Pennsylvania will do me the justice to say that I did not do it in so tragic a style as he has done it. [Laughter.]

Mr. KELLEY. No, sir; the gentleman's style does not compare with mine; but he

gave the story all the pathetic effect he could. [Renewed laughter.]

Mr. BURCHARD. Was that the reason he reported the bill?

Mr. KELLEY. Like the other hardships to which I have referred, I say if you are going to maintain this system, to perpetuate it, to draw \$100,000,000 a year from it, as proposed by you and the gentleman from New York [Mr. Brooks] and his two Democratic colleagues, you must maintain these provisions of the law.

Mr. HALE. Will the gentleman allow me to ask him a question?

Mr. KELLEY. I would rather decline, as the gentleman is not a member of the Committee of Ways and Means; but never mind, go on.

Mr. HALE. Suppose that by the year 1876, by good management, the annual revenue needed for all the expenditures of the Government can be reduced to \$230,000,000, would the gentleman from Pennsylvania so shape legislation until the year I have named that all this revenue shall be raised from customs, and entirely abolish all taxes upon whisky and tobacco?

Mr. KELLEY. I will answer that question when it comes up in time. I am going on with another branch of the subject now.

Mr. HALE. It is a plain question, and I hope the gentleman will answer it now.

Mr. KELLEY. I will, and say, yes. I would; I thus answer the gentleman from Maine now and categorically. I do not want my children and grandchildren to live under a system which shall involve a corps of detectives, a system of espionage, and the taking of an oath every week or every month to the honesty and fidelity of loosely-kept accounts. I believe that with the imports of the country expanding and increasing as they are doing, the day is not far distant when we can defray the expenses of the Government by customs duties alone, and may give thanks to God that no direct-tax collector treads the soil of the United States.

I hear the gentleman ask which employs the most detective officers to-day, the customs or the internal revenue. I ask him to say whether both together are more than either. I ask whether the expenses would be greater if you saved the nearly \$6,000,000 which the collection of the internal revenue cost last year? I ask whether the civil service would not be somewhat reformed if the nearly five thousand people employed in the internal revenue service were relieved from Government service and permitted to devote their energies to the productive pursuits of the country? When gentlemen shall have convinced me that twice five is less than five, I may see something in the question whether the internal revenue or customs service is the more economical. My proposition is that one does not cost as much as both.

Leaving that branch of the subject, at least for the present, let me remark that the gentleman from Missouri [Mr. FINKELNBURG] said in the course of his remarks:

"I have paid some attention of late to the proportion of the cost of labor to the whole cost of manufactured products, and I have found somewhat to my own surprise that it rarely exceeds twenty-five per cent. For instance, labor represents only fifteen to twenty per cent. in pig iron, only fifteen per cent. in woolen goods, twenty-five per cent. in cotton goods, eighteen per cent. in paper, and in some articles, as for instance in soap, it sinks down to only six per cent."

Mr. Chairman, I have quoted this paragraph that the workers in iron and steel who may read my remarks may see on what theory of cost of labor it is proposed to reduce protection. The labor in a ton of pig iron in Pennsylvania ranges from eighty to ninety per cent. of the whole cost. Where it ranges from fifteen to twenty five per cent., if there be such a spot in the world, the laborer must be starved and owners of ore and coal banks and limestone quarries need but a few hundred acres to give them the income of a dukedom.

Mr. FINKELNBURG. Your own manufacturers say so. I have their figures here.

Mr. KELLEY. Let them speak in their hour. When we reduced the duty on pig iron from nine to seven dollars per ton, and there was a vote in the Committee of the Whole to reduce it from seven to five dollars, the argument was, we will cheapen iron and largely increase the revenue. Sir, what was the effect produced? The production of iron throughout our country fell off at once. It had been increasing so rapidly that within less than ten years it had gone up from eight hundred thousand to two million tons. Now, however, it dropped to a little more than eight hundred thousand tons. No furnaces were built, and those that were in blast in some parts of the country were blown out.

The proof that the production fell off is abundant and indisputable. Iron, which you could buy then at from thirty to thirty-five dollars per ton, is bringing in the market to-day from forty-seven to fifty-three dollars. More than twenty dollars a ton additional are our people paying on the increased consumption of pig iron. The importation during the six months ending December 1, 1870, was 68,606 tons, at nine dollars per ton. During the six months ending June 30, 1871, it was 119,402, at seven dollars a ton. You reduced the duty, and thereby increased the importation and the price at the same time, and yet made a merely nominal increase of revenue; the increase of imports having been thirty-two and four fifths per cent., while the increase of revenue was but three per cent.

You increased importations and checked the market for western grain for both men and animals employed in and about furnaces

and forges; you diminished the market for your own products within the country and put up the price of iron; not by this cause alone to the extent of the whole increase that is made, but you thus added largely to the price, and in compensation for part of this increased cost you added three per cent. to the revenue derived from pig iron. And if you strike another blow at the duty on pig iron, the effect will show itself in the same direction. You will pay more for iron; you will abridge the market for your breadstuffs and your mules and oxen, and you will make but an unappreciable increase in the revenues of the country.

Mr. BURCHARD. Will the gentleman yield to me for a moment?

Mr. KELLEY. Yes, sir.

Mr. BURCHARD. Mr. Chairman, the secretary of the Bar-Iron Association—

Mr. KELLEY. I did not yield to the gentleman to read a speech or essay.

Mr. BURCHARD. I will then call the attention of the gentleman to what the secretary of the Bar-Iron Association states is the reason why—

Mr. KELLEY. I am not here to be interrogated by any bar-iron association. If the gentleman from Illinois [Mr. BURCHARD] has any proper question to put to me I will answer it. I have the figures upon which I am commenting from the Treasury Department. I have not compiled them. I have not calculated the percentages. And let the secretary of the Bar-Iron Association and my friend from Illinois go to the Treasury and correct the official figures if they are wrong.

I have said that the increase of price was not all ascribable to the reduction of two dollars from the duty. I admit that other causes entered into it largely; but I claim that it too had its effect. Will not gentlemen understand me?

[Here the hammer fell.]

The CHAIRMAN. The gentleman's hour has expired.

Mr. WAKEMAN took the floor, and yielded half an hour of his time to Mr. KELLEY.

Mr. KELLEY. I thank the gentleman for his courtesy.

Mr. Chairman, with this extension of my time I recur to the matter of internal taxes. When being dined at Delmonico's, Mr. David A. Wells, late Commissioner of Internal Revenue, who now seems to be devoting his services to the interests of the Cobden Club of England—and, in parenthesis, I may remark here that what the gentleman from Illinois [Mr. BURCHARD] says is conceded on all hands, viz: that the system of internal taxes must be perpetuated, never was broached until the Cobden Club and the Anglo-American Free-Trade League of New York formed a conspiracy to retard and restrict the develop-

ment of the resources of our country, and commenced their onslaught on our industries and the wages of the American laborer—but I was about to remark that the agent of that conspiracy, when being dined at Delmonico's, without intending dramatic effect at all, lifted his silk hat and, as if the thought had just occurred to him, stated how much the duties on the component parts of that useful article of apparel had added to its cost.

Sir, without knowing whether his statement was true or false, for I find no warrant for believing it in the fact that he made it, I remark this, that he forgot to tell his auditors that the spirit tax alone had added more to the cost of his hat than he claimed that the tariff had done; and what the effect of other internal taxes had been on its cost I do not know, and no gentleman on this floor can tell.

But, to allude more specifically to this subject—the gentleman from Illinois [Mr. BURCHARD] said that internal taxes only affected luxuries. Sir, is the amputation of a limb a luxury? I have not so regarded it, yet the spirit tax stands bodily beside the patient, whether it be for the amputation of a limb or that other alleged luxury, the removal of an internal tumor. The spirit tax stands beside either patient, when chloroform is administered, to mitigate the pain of a surgical operation. It enters into almost the whole of your pharmacopeia. I had the curiosity to send notes to two of the leading chemical houses of the country, asking them to tell me the proportion of the cost of the remedy for those luxuries, the chills, namely, quinine and other medical agents, that was added by the spirit tax, and I have here and shall have printed with my remarks a list furnished by those houses showing that to the cost of many of the chemicals or drugs in common use, it adds fifty per cent., and trebles the cost of many articles of domestic medicines.

The contents of every old woman's camphor or lavender bottle costs her three times what it would but for this spirit tax. The arnica bottle which the good mother keeps to dress the wounds of her children is trebled in cost by the spirit tax. Alcohol also enters into a vast number of the useful arts. The tax adds to the cost of hundreds of articles, increasing it so much that we cannot export many which but for it we would export largely. It thus restricts our foreign trade in chemicals, perfumery, and many other articles. It not only adds to the price of alcohol, but of all alcoholic productions, and many of the productions of the useful and fine arts into which it enters largely.

But, sir, I must hasten on. The statements received in reply to my questions, to which I have referred, are as follows:

"*Methylated spirits*.—In Great Britain alcohol is subjected to a heavy duty, which, until lately, pre-

vented it being used in many manufactures, because the products of its use can be more cheaply obtained from abroad. The British Parliament wishing to encourage the use of alcohol in the arts, passed an act in 1855, allowing it to be used duty free, provided it be mixed with at least one ninth of its bulk of pyroxylic spirit, which renders it unfit for drinking, but does not spoil it for use in the arts. This mixture is called methylated spirit, and is now employed extensively in Great Britain by hatters, brass-founders, and cabinet-makers for dissolving shellac and other resinous substances, and by manufacturing chemists for making ether, chloroform, sweet spirits of niter, &c."—*United States Dispensatory*, page 1643, thirteenth edition.

Thus it will be seen that British manufacturers get their alcohol free. Here the tax is about sixty-five cents per gallon on spirits, equal to \$1.30 per gallon on alcohol. Without tax the alcohol now sold at \$1.63 per gallon would be worth only thirty-five cents, thus:

Present price of alcohol.....	\$1 63
Deduct three cents per gallon for the barrel..	3
With tax.....	1 65
Tax.....	1 30
Without tax.....	\$0 35

In some parts of Europe an account is taken at the factories of the amount of alcohol consumed and a drawback allowed.

If, as has been suggested, one aggregated tax of seventy cents will be collected, there will be a further disadvantage equal to ten cents per gallon against the American manufacturer.

*Chloroform* is made largely in the United States, New York, St. Louis, and Philadelphia being seats of manufacture. Used internally as a sedative narcotic, externally in cancer, ulcers, &c., and by inhalation in surgical operations, and its importance is well known.

The difference in the cost of chloroform made with taxed and that made with untaxed alcohol is twenty-six cents per pound.

At present the high price of chloride of lime (now worth twenty to twenty-one shillings, against eleven shillings this time last year) contributes largely to the cost of making chloroform. But at times when chloride of lime was low, and the tax on spirits higher than at present, the alcohol was the principal item, so much so as to class it as an entirely alcoholic preparation with reference to cost of manufacture.

"In Great Britain chloroform is now obtained by the use of methylated spirit, and the preparation, when properly purified, is stated to answer every purpose to which it is applied equally well with that obtained by the use of alcohol."—*United States Dispensatory*, thirteenth edition, page 997.

*Ether, sulphuric*.—A valuable anæsthetic agent, largely produced in this country. The difference in price as made with taxed and with untaxed spirit is thirty-two and a half cents per pound. Sells for fifty-two cents per pound.

*Spirit nitrous ether* (familiarily known as sweet spirits of niter) is much esteemed as a medicine, and extensively employed in febrile affections. It is made largely in this country. The difference in cost to produce in using taxed and untaxed spirit, is nineteen cents per pound. The article sells at thirty and thirty-one cents per pound.

*Ether, chloric, acetic, butyrateous, butyric, and Hoffman's anodyne*, are entirely alcoholic preparations.

*Tincture of muriate of iron*.—Three fourths alcohol, and is one of the most active and certain preparations of iron. The difference in cost to manufacture by using taxed and untaxed spirit is twelve cents per pound. Sells for twenty-seven and twenty-eight cents per pound.

*Tannin* (tannic acid) is used in medicine and the

arts. Made in New York, St. Louis, and Philadelphia. Difference in cost to manufacture from taxed and from untaxed alcohol is thirty-four cents per pound. Actual cost at present of the alcohol in each pound of tannin, fifty cents.

In the following articles the differences in cost, whether using taxed or untaxed spirit, are as annexed:

*Piperine*, nine and a half cents per ounce.

*Strychnia*, salts of, twelve cents per ounce. Actual cost per ounce for alcohol, fifteen cents.

*Morphia*, salts of, eight cents per ounce. The actual cost of the alcohol used in morphia is ten cents per ounce of morphia produced.

*Quinia*, salts of, nine and a half cents per ounce. Each ounce of a salt of quinia costs twelve cents for the alcohol alone.

*Spirits ammonia*.—Three fourths alcohol, and the difference to make from taxed over the cost to produce from untaxed alcohol is fourteen cents per pound.

*Spirits lavender, myristica, pimenta, rosemary*, each four fifths alcohol. Seventeen cents per pound represents the difference in cost from taxed and untaxed alcohol. These sell for about thirty cents per pound.

*Colloidin* is an alcoholic preparation. The difference of that from taxed and that from untaxed spirit is twenty-seven cents per pound.

Alcohol is also used in making santonine, iodoform, sulphate of atropia, atropia aconitia, sulphate of beberine, and sulphate of cinchonia; also alcoholic extracts, tinctures, (pharmaceutical,) &c.

We have in some instances shown the actual cost of the alcohol (at present rates) used in each pound or ounce of an article, as well as the difference per pound or per ounce to produce from taxed and from untaxed spirit. We trust we have been sufficiently clear.

From the reply of the other firm I submit the following extract:

"To assist in your collection of data, we inclose a table showing how the taxes on spirits affect the pharmaceutical interests. To avoid burdensome detail, we name but a few of the prominent items, which are a fair criterion for the whole line.

"You will notice by this list that the tax we pay on the alcohol consumed in these products is twenty per cent. of the price for which we sell them. Alcohol enters more or less into the composition of nearly all of our goods, and imposes upon all in the pharmaceutical business, from the manufacturer to the retail apothecary, a load which is truly oppressive.

Items.	Selling price per pint.	Tax paid on the alcohol consumed, calculating the rate of tax at \$1.80 per gallon.
Fluid extract of—	Cents.	Cents.
Belladonna.....	75	16
Buchu.....	83	16
Arnica.....	55	11
Gentian.....	57	8
Ginger.....	73	16
Hyoscyamus.....	75	16
Nux vomica.....	82	16
Senna.....	58	8
Spigelia.....	82	16
Taraxacum.....	57	8
Podophyllum.....	63	16
Valerian.....	85	16

"Making the average tax on the alcohol in the above twenty per cent."

In this connection, Mr. Chairman, I may appropriately submit a letter kindly handed by the gentleman from Massachusetts, to whom it was addressed, [Mr. BANKS:]

OFFICE BOSTON JOURNAL OF CHEMISTRY,  
150 CONGRESS STREET, BOSTON, April 17, 1872.

MY DEAR SIR: May I be permitted to call your attention to one or two points connected with the proposed alterations in the revenue laws?

I notice the Ways and Means Committee propose to retain stamps upon packages of medicinal compounds, cosmetics, &c., a feature of the revenue laws which I regard as particularly unjust, dangerous, and annoying, to a large class in the community. The law now compels every druggist and manufacturer to stick one of the little stamps upon every vial of cologne, packet of pills, bottle of medicine, &c., and as these stamps are very imperfectly glutitized, they often come off accidentally, and the dealer is thereby subjected to unjust prosecution.

The law is so ambiguous it is difficult to know just what should be stamped and what not. It is interpreted differently by each successive commissioner, and each assessor and supervisor put their own constructions upon the meaning of the act, and thus there is no uniformity in its execution.

As manufacturing chemists, we are greatly annoyed and perplexed. We do not manufacture a single proprietary article, but only legitimate chemical and pharmaceutical products; and yet assessors in the West and elsewhere decide that our products must be stamped. We have conflicting decisions from each one of the commissioners, from Boutwell down, and we do not know what to do. All the druggists and chemists in the country are unanimous in their denunciations of these stamp duties, and inasmuch as the poor man buys the proprietary articles of the medicine-maker, he is compelled to pay the tax. With the laboring classes the tax is unpopular; it is unpopular with every one who understands it.

With your immense influence in the House, I wish you could be induced to aid in having this foolish, annoying, unjust stamp tax wholly removed. I am certain, my dear sir, you could do nothing more acceptable to your constituents and friends throughout the country.

Very respectfully,

JAMES R. NICHOLS.

Hon. N. P. BANKS.

Mr. Chairman, I hold in my hand a book containing the daily entries of a pawnbroker, upon every one of whose tickets the internal revenue laws impose a five-cent tax. Oh, what a harrowing chapter is here of the story of the poor and the way their "luxury" of pawning their under-garments and their over-coats to procure food or medicine is taxed! Referring to this record, which was produced before the committee, I find that Cornelius Gilbert, on black cloth coat, pants, and vest, got thirty-nine cents, and paid the Government only five cents for the luxury. Rachel Thomas, for a "black cloth circular," got six cents, and paid the Government for that luxury five cents. Mary Minnich obtained on a Stella shawl eighteen cents. Although the other poor creature had paid five cents tax for the luxury of borrowing six cents, this one paid only five for the greater luxury of borrowing eighteen!

Now, it may be said that both bills propose to repeal this tax. Yes, sir; but when that record was brought to the attention of the

Committee of Ways and Means we were horrified at the thought that we had been imposing such taxes. And who can tell how many more oppressions of that kind we are maintaining among the voiceless poor under this system of internal taxes? I cannot guess, and I fear that no man can tell.

Having shown the effect of our reduction of the duty on pig iron, let me illustrate the effect of a reduction of the duty upon copper in England. I have before me a table showing the production of copper in England, upon which my friend from Indiana [Mr. KERR] and the majority of the committee propose to reduce the duty.

But, by the way, while I was seated just now I was asked whether the chairman of the committee was not responsible for this bill. I answer, that in my judgment he is not; he does but act as the *accoucheur* to the deformity. He assumes nothing in the way of paternal or parental responsibility.

Mr. DAWES. My friend manifests an undue anxiety about my relations to this bill. I think after the statements I have made there is no occasion for so much discussion about it. I reported the bill under the statements which I made at the time; I adhere with strict fidelity to the bill. I have the privilege of offering amendments to it, and I believe that a majority of the House will adopt those amendments. After they are adopted, I shall support the bill.

Mr. KELLEY. I did not mean to embarrass my excellent friend, the chairman of the committee, but the question having been put to me, I thought I would answer it, at least as I understood his position, and I do not think that his statement materially qualifies mine.

But to return to the subject of copper. In 1848 England, according to the New American Cyclopaedia, produced from her mines £795,582 sterling worth of copper, and the production increased until it got to be in 1862 £1,493,241 sterling worth. She then threw her ports open to the surface ores of Peru and Chili, and brought her copper miners, whose wages were but £3 6s. per month in Cornwall, and £3 7s. in Devonshire, into competition with the peon labor of those countries. Low as these wages were, what was the result? I find, by reference to McCulloch's Dictionary of Commerce, that for the year 1869 her production had fallen to £664,060 sterling. She cheapened copper, but she closed her copper mines and drove the miners and their families into pauperism or emigration. Those who would study the details of the story will find them in the following compilation:

*Production of copper in Great Britain.*

Years.	Mines situated in Cornwall and Devon.			Other mines in the United Kingdom.			Amount.		
	Copper, tons.		Value.	Copper, tons.		Value.	Copper, tons.		Value.
	Ore, tons.			Ore, tons.			Ore, tons.		
1848.....	147,701	12,422	£720,090	13,317	1,186	£75,492	161,018	13,608	£795,582
1849.....	146,325	11,684	763,615	10,779	986	72,937	157,105	12,670	836,552
1850.....	155,025	12,253	778,224	11,966	1,061	76,725	166,991	13,314	854,949
1851.....	150,380	11,807	782,947	11,451	1,107	83,133	161,831	12,914	866,080
1852.....	165,593	11,776	978,975	11,604	1,092	100,858	177,197	12,868	1,076,833
1853.....	181,944	11,913	1,155,167	12,749	1,224	126,243	194,693	13,137	1,281,410
1854.....	187,103	11,964	1,192,839	12,026	1,149	130,064	185,129	13,113	1,322,903
1855.....	195,193	12,578	1,263,739	14,921	1,276	136,918	210,114	13,854	1,400,637
1856.....	209,305	13,275	1,283,639	-	-	-	-	-	-
1857.....	289,768	18,915	1,816,644	-	-	-	-	-	-

The New American Cyclopaedia, from which the foregoing table is taken, states that the increase in the value of the production of the mines of Cornwall and Devonshire during the ten years preceding 1858, had been fifty-four per cent., and that the average rate of monthly wages of miners in 1855 had been, as I have said, in Cornwall £3 6s. and in Devonshire £3 7s.

But low as these wages were, those of the peons of Peru were still lower, and free trade was soon to reverse this prosperity, to render most of the mines valueless and close them, and to reduce the miners to pauperism or flight from their country. How rapid these processes were is shown by the following table, to be found in McCulloch's Dictionary of Commerce:

*Production of copper for five years ending 1866.*

Years.	Number of mines.	Ore, tons.	Copper, tons.	Value of ore.	Value of copper.
1862.....	228	224,171	14,843	£1,216,775	£1,493,241
1863.....	222	210,947	14,247	1,100,554	1,409,608
1864.....	201	214,604	13,302	1,155,471	1,350,699
1865.....	205	198,238	11,858	927,938	1,134,664
1866.....	175	180,378	11,153	759,118	1,019,168

Mr. Chairman, I have not been able to pursue the decline of the production of copper from the mines of Great Britain further, with the same minuteness of detail. But the Statesman's Year-Book for 1872 gives the value of the total annual production as follows:

1867.....	£831,761
1868.....	761,602
1869.....	644,065

In view of these facts may I not inquire of gentlemen whether it would be well that the iron mines of Indiana, Kentucky, and other States, and the copper and iron mines of Virginia, Tennessee, Alabama, Wisconsin, Michigan, and other States and Territories, should be closed, and their laborers turned adrift in order to enable us to buy iron and copper a small percentage cheaper per pound? Yet that is the proposition involved in the proposed reduction of our duties on iron and copper. The result of establishing free trade in copper in England has been to raise the cost there so that copper is nearly as high as here.

Mr. Chairman, it is said that we are not exporting as largely as we ought; that we do not, for instance, export as many shoes as we did in 1860. But, sir, will any gentleman rise and say that we do not produce as many? Will any gentleman deny that production has increased more than one hundred per cent. and far more rapidly than population? If we do not export them and do produce them, what do the facts prove? Why they prove that our people are now so much more prosperous than they were in 1860 that they can consume at American prices all that we can produce by improved methods.

On this subject I propose to answer all contestants, once for all. Mr. Wells, to whom I have referred, and who in the American Quarterly for last July paraded all these figures in the same sophistical way that gentlemen have exhibited them in their recent speeches. Thanks to the kindness of my colleague on the committee from the Oneida district of New York, [Mr. ROBERTS,] I have before me a table that answers all comers on this point. It is a statement from the Census Bureau of the aggregate value of manufactures in 1850, 1860, and 1870. Before referring to it more particularly I request gentlemen to take note of the fact that in the tables for 1850 and 1860 are also included the productions of mines and fisheries, while in the table for 1870 the productions of mines and fisheries are excluded. Now, sir, let us see how the production of manufactures during the last decade compares with that of manufactures, mines, and fisheries for the preceding decade.

In 1850 the joint production was \$1,019,106,616, and in 1860 it was \$1,885,861,676, an increase of eighty-five per cent. In 1870, after a decade five years of which had been spent in desolating war, the former decade having been one of peace and one which free-traders and revenue reformers claim to have been one of boundless prosperity—in 1870 the total production of manufactures alone was \$4,112,453,616, an increase in that decade of war and devastation of one hundred and twenty-eight per cent. over the combined production of 1860. This is the table for which I again offer my acknowledgments to my colleague, [Mr. E. H. ROBERTS:]

*Statement exhibiting the total value of manufactures (gross production) at the censuses of 1860 and 1850, and approximately for certain States at the census of 1870.*

States and Territories.	1870.*	1860.	1850.
Alabama.....	\$13,220,655	\$10,588,566	\$4,528,876
Arizona.....	185,410	-	-
Arkansas.....	7,699,676	2,880,576	537,908
California.....	73,116,756	68,253,323	12,862,522
Colorado.....	2,797,820	-	-
Connecticut.....	160,974,574	81,924,555	47,114,585
Dakota.....	178,570	-	-
Delaware.....	18,343,818	9,892,902	4,649,296
District of Columbia.....	9,294,489	5,412,102	2,690,253
Florida.....	4,707,908	2,447,969	668,335
Georgia.....	32,994,267	16,925,564	7,082,075
Idaho.....	1,045,324	-	-
Illinois.....	205,821,961	57,580,886	6,534,272
Indiana.....	109,120,684	42,803,469	8,725,423
Iowa.....	46,782,497	13,971,325	3,551,783
Kansas.....	11,798,353	4,357,408	-
Kentucky.....	54,149,043	37,931,240	21,710,212
Louisiana.....	45,000,000†	15,587,473	6,779,417
Maine.....	79,822,005	38,193,254	24,661,057
Maryland.....	73,924,104	41,735,157	33,043,892
Massachusetts.....	532,163,878	255,545,922	157,743,994
Michigan.....	118,776,853	32,658,356	11,169,002
Minnesota.....	23,541,325	3,373,172	58,300
Mississippi.....	11,268,102	6,590,687	2,912,068
Missouri.....	215,000,000†	41,782,731	24,324,418
Montana.....	2,559,391	-	-
Nebraska.....	5,892,512	607,328	-
Nevada.....	15,870,539	-	-
New Hampshire.....	71,678,013	37,586,453	23,164,503
New Jersey.....	69,853,320	76,306,104	39,851,256
New Mexico.....	1,489,868	1,249,123	249,010
New York.....	790,000,000†	378,870,939	237,597,249
North Carolina.....	20,701,332	16,678,698	9,111,050
Ohio.....	280,965,791	121,691,143	62,692,279
Oregon.....	6,901,412	2,976,761	2,236,640
Pennsylvania.....	725,599,424	290,121,188	155,044,910
Rhode Island.....	110,469,650	40,711,296	22,117,688
South Carolina.....	13,438,226	8,615,195	7,045,477
Tennessee.....	38,587,953	17,987,225	9,725,608
Texas.....	15,369,731	6,577,202	1,168,538
Utah.....	2,351,011	900,153	291,220
Vermont.....	31,976,889	14,637,807	8,570,920
Virginia.....	38,496,077	-	-
West Virginia.....	24,169,051	50,652,124	29,602,507
Washington.....	3,045,802	1,406,921	-
Wisconsin.....	78,606,308	27,849,467	9,293,068
Wyoming.....	765,424	-	-
Total.....	\$4,302,453,616	\$1,885,861,676	\$1,019,106,616

\* Approximate.

† About.

Increase of 1860 over 1850, eighty-five per cent. Increase of 1870 over 1860, one hundred and twenty-eight per cent.

In the census of 1870 the products of the mines and fisheries are not included with the manufactures as heretofore. In 1860 the products of the mines and fisheries amounted to about ninety million dollar s.

Now, let us face these facts. Here is one side of the proposition furnished by the Census Bureau; the gentlemen on the other side present the other. They say we do not export our productions as largely as we did ten years ago. Then, what becomes of them? Where do they go? Why, sir, American laborers, enfranchised freedmen, our better-paid mechanics, consume a larger proportion of the four thousand and odd millions produced in 1870 than they were able to consume of the

one thousand and odd millions produced in 1860. That is the whole of it. You, free-trade revenue reformers, state one side of the sum, and I hand you from the census tables the other; and the great public will work out the result and find it to be as I have stated it.

Gentlemen talk about restoring things to the ante-bellum condition, to what it was in 1860 or 1861, and tell us what the duties were then. National assessors, collectors, and detectives were then unknown. Which of them or can all

of them by their combined power turn the hands of time and the progressive tide of civilization back and restore the condition of things in 1861? Can they make American laborers work for fifty per cent. of their present wages without strikes and lock-outs that shall suspend all our industries? Can they make the freedmen work without wages, dwell in unfurnished huts, and wear the coarse stogies made of horse hide that they and their wives then wore? No, sir; and I accept the class of shoes just named as illustrative of the general argument. They are no longer made in the shops of New England; they are things of the past. Those who produced them now make lasting and calf-skin boots and shoes on the same large lasts on which they used to make the coarse stogies. The slave of 1860 is to-day a planter or a man who earns wages, and whose family consumes dutiable and taxable commodities. By spending his wages for the comforts of life he stimulates the general industry of the country.

Hosts of our workmen now dwell in their own homes. Would that the gentleman from Illinois, [Mr. McNEELY,] who spoke yesterday of their hopeless condition and the squalor in which they dwell, would spend a week with me in my home and look from my windows upon the clean brick houses, with little gardens in the front and rear, with parlors well furnished, and many of them with a piano or melodeon, or other musical instrument; with their rooms lighted by gas and heated by patented processes; with bath-rooms supplied with hot and cold water flowing every minute in the year. These, sir, are the houses in which our workmen dwell, and thousands of which they own; many of them are under the shadow of the public school-house and the church, to the support of which the occupants freely and liberally contribute. A visit to a few hundred such homes would change many of the gentleman's opinions, and convince even him that protection is the right of the laborer and a boon to the consumer. Yes, sir, our prosperous people are the consumers of the four thousand and odd millions of our productions. They make such demands upon our industries that their productions cannot be spared to go abroad to be sold in competition with those of the cheap labor of France, Belgium, and other countries in which laborers are esteemed as of lower value than cattle.

But, sir, notwithstanding all that is said to the contrary, our exports have increased and are increasing, but not in proportion to our productions. I have before me a table from the Bureau of Statistics, showing the imports and exports for the seven months ending January 31, 1871, and the seven months ending January 31, 1872. Our imports of free goods increased in the latter period \$4,900,000, and of dutiable goods, \$54,080,000. But let me

invite the attention of gentlemen to the official statement. It is as follows:

	<i>Free.</i>	<i>Imports, dutiable.</i>	<i>Total.</i>
Seven months ended Jan. 31, 1871...	\$28,418,871	\$251,537,439	\$279,956,310
Seven months ended Jan. 31, 1872...	33,324,886	305,618,075	338,942,961
Increase.....	<u>\$4,906,015</u>	<u>\$55,080,636</u>	<u>\$58,986,651</u>

<i>ReExports.</i>			
Seven months ended Jan. 31, 1871...	\$5,702,001	\$7,392,055	\$13,094,056
Seven months ended Jan. 31, 1872...	7,550,583	7,677,793	15,228,386
Increase.....	<u>\$1,848,582</u>	<u>\$275,738</u>	<u>\$2,124,320</u>

<i>Domestic exports.</i>			
Seven months ended January 31, 1871.....	\$302,404,664		
	* 46,185,932		
Seven months ended January 31, 1872.....	\$301,195,704		
	* 30,364,512		

<i>Recapitulation.</i>			
ReExports.....			\$13,094,056
Domestic exports.....			302,044,664
Total exports.....			<u>\$315,498,720</u>
ReExports.....			\$15,228,386
Domestic exports.....			301,195,704
Total exports.....			<u>\$316,424,090</u>

Balance domestic exports, (exclusive of specie,) \$13,612,460.

Sir, in view of facts like these, who will say that ours is a prohibitory tariff? Who will so characterize a tariff under which we have in seven months made an increase of imports of \$58,986,651? What a commentary is this upon the honesty of the cry of "prohibitory duties," which is ever coming from the free-trade revenue reformers?

Mr. BURCHARD. It is prohibitory on some articles, not generally.

Mr. KELLEY. It thus appears that we have reexported of free goods \$1,848,000 in excess of the seven months of the preceding year, and of dutiable, \$275,738, making a total increase of reexports of \$2,124,000; and that the balance of domestic exports, exclusive of specie, in excess of the seven months of last year, is \$14,612,460. Our exports are growing in spite of the inordinate increase of the home demand for our varied productions.

Sir, let us hastily consider the bills before us, and ascertain who are the free-traders and who want Japanese isolation. The majority bill, representing the views of the free-trade revenue reformers, proposes, in order to stimulate commerce, to put on the free list articles that paid last year the petty sum of \$1,607,000. Do they put spices, or the gums of distant nations, or tin there? Do they put tea or

\* Coin and bullion included in total domestic exports.

coffee there? No, sir. With reference to these and like articles they have made elaborate arguments to prove that as these are things which nobody in this country produces, all the tax goes into the Treasury, and therefore heavy duties should be imposed upon them.

Sir, let us refer to tin. It enters into as many of our arts as any other metal except iron. For fifty years the American Congress was wise enough to keep it on the free list. It never was dutiable till 1842, when a duty of one per cent. was put upon it. When Robert J. Walker, in 1846, undertook to make a horizontal tariff, his scythe, sweeping across, struck tin at the rate of five per cent.; and it was put in at that rate; but it was restored to the free list by the act of 1857, and was left there by the several acts of 1861 and 1862. But in 1863, when war was demanding its millions a day, we put a war duty of fifteen per cent. on tin. We were then taxing and imposing duties on everything. And now, in these "piping times of peace," with our Treasury overflowing, with our shipping paralyzed, with an increasing demand for this weighty and essential commodity that would carry our vessels to where the gentleman from New York [Mr. Brooks] told us he had once seen them, the distant straits of Malacca, these worthy gentlemen propose to retain the war duty of fifteen per cent. upon tin. Is this done for the purpose of stimulating foreign trade or of destroying domestic manufactures? Fifteen per cent., the war tax, is to be maintained, though under it American vessels cannot go to Malacca, and though the blacking-maker, the packer of fruit, fish, oysters, preserves, jelly, &c., and the housewife furnishing her kitchen, all pay an additional fifteen per cent. upon the tin and tinware they purchase. Let me offer the prediction that within one year from the time that tin in pigs and blocks shall be restored to the free list American enterprise and competition will reduce the price of tin plates, for which we are now wholly dependent upon England. Will not our free-trade revenue reformers revise their opinions on this point and help me overthrow England's monopoly of this important branch of trade? I fear not.

In contrast with this restrictive policy the minority bill proposes to remit from duties \$18,793,540. By the action in which the two Houses have just concurred, making tea and coffee free, so much of the minority bill has been approved, and nearly sixteen million dollars of those duties it proposed to repeal have been repealed. So much is safe. But there is still a considerable difference between \$1,607,000, the limit proposed by the majority, and \$2,464,858 remaining of the minority free list which includes tin, camphor, and some other articles from distant non-manufacturing coun-

tries upon which the majority proposes to maintain the existing war rates of duty.

Now, sir, let us see what each bill proposes to do on the subject of internal revenue. What do the majority propose by way of emancipating our domestic commerce? What do they propose to take off in the way of internal taxes? Thirteen million nine hundred and eighty-eight thousand dollars; while the protective minority bill proposes to remove \$27,720,000 of internal taxes, so that we may get rid of assessors, collectors, and other officers; so that we may reduce the expenses of collecting this part of our revenue from \$5,000,000 per annum to \$2,000,000; so that the whole system shall, as I have before said, be regarded as in process of rapid final extinction.

Sir, look, too, at the features of these bills. But before proceeding to consider these, I must ask the gentleman from New York [Mr. WAKEMAN] to indulge me for ten minutes more of his time. Look at the administrative features of these bills. The minority bill, looking to a reduction of the official force, maintains the existing rate of bank tax, but makes it collectable but twice a year. Bill No. 2322, to whomsoever it belongs, makes it collectable as now monthly, so that an army of assessors and collectors must be maintained. The minority bill proposes to repeal the tax on sales of spirits and tobacco which is assessed monthly; thus further dispensing with the necessity for assessors and collectors. Who, then, judged by these bills, are in favor of revenue reform? Who are in favor of civil service reform? Who would enfranchise the trade of American citizens, let them be in what part of the country they may? I say that the minority bill would do all this in a greater degree than that which is proposed as a free-trade, revenue-reform measure.

I wish now to invite the attention of the House to a special clause or two in the majority bill. If gentlemen will do me the favor to turn to page 23, section six, they will find a little job which nauseated the two Committees of Ways and Means before the present one. It is an old familiar in the room of the committee. I found it there when first appointed, and it was then regarded with positive disfavor. It is a cunning bit of legislation, and may cost the Treasury millions of dollars. You cannot make a ribbon with a raised or beaded edge without putting in a thread of cotton. You cannot make the costliest of all ribbons, velvet ribbons, without putting a cotton back to it. There is scarcely a ribbon not absolutely plain which comes into market which has not threads or a thread of cotton in it. This bill proposes by the section referred to to repeal the law of 1864. But does it stop there? No, sir; it says as to a few favored men who have brought suits that they

shall, without judgment of the courts, have their claims liquidated as though the law of 1864 had not been in force.

Will any gentleman tell how many thousands or millions of dollars will be taken from the Treasury by this provision? Will gentlemen tell me who the parties are who have been thrifty enough to bring suits? Will gentlemen tell me whether these parties after paying duties on the goods they imported did not sell them at the same rate as other importers did, and why they should be selected as the objects of this legislative gratuity? They have had eight years to bring their suits to issue and not one has yet succeeded in getting a verdict against the Government.

The CHAIRMAN. The gentleman's time has expired.

Mr. WAKEMAN. I yield to the gentleman from Pennsylvania ten minutes more of my time.

Mr. KELLEY. Let me in this connection say that I have just received from a leading firm of jobbers and importers of silk and fancy goods in New York a little package of silk bindings. In the note inclosing them a member of the firm says, "One gross cost before they were made here from \$12 to \$13 50. These cost \$9 per gross; they were made at Paterson, New Jersey, and are equally as good as the imported." What a significant commentary is this upon the theory that the duty is added to the price of protected commodities. A duty of sixty per cent. has developed domestic competition and reduced the price of silk bindings in some cases twenty-five and in others fifty per cent.

Mr. Chairman, again thanking the gentleman from New York [Mr. WAKEMAN] for his courtesy, I must draw to a close, but not until I shall have said to the House that I have spoken for my country and my whole country, and for all its industries. I desire to see the prostrate South freed from the harassing provisions of the internal revenue laws, and stimulated by protective duties to develop its won-

derful mineral resources, and avail itself of its magnificent water-power. When the cotton factory shall be erected on the flowing waters that dash through the cotton fields of the South, when the hum of the waterfall shall mingle with that of the spindle and the loom, and when manufacturing villages graced, as Pennsylvania and New England villages are, by school-houses and churches, shall be seen there, there will be no more Ku Klux outrages, and a common interest will identify the people of the several sections of the country.

Nor do I less desire to stimulate the agriculture of the West and to reward it by a near market of consumers, whose prosperity shall be so great that they will freely consume, at liberal prices, all that the West may grow of grain, or cattle, or wool. And I would have her develop her vast coal fields, greater than those of all the world beside, including those of the Atlantic slope of the United States. I would blend the various industries of the country into one harmonious whole, each prosperous, and each by its prosperity promoting that of others.

And more, sir, I would make our country in fact, as it has ever been in theory, the asylum of the oppressed of all lands. I would stimulate employers to go to Lancashire, and snatch from starvation the seventy thousand people skilled in spinning, weaving, and dyeing, of whom Professor Kirk speaks. I would induce others to go to the east end of London among the starving miners, smelters, forgers, machinists, and engineers, and bring twenty-five thousand of them and their families, and set them at work on the prairies of the West or upon the shores of the lakes, and thus build up industries that should develop all the mineral resources and all the natural powers of the West, and create a market there in their midst that would emancipate the farmers of that region from the thralldom in which they are now held by the great transportation companies of the country.

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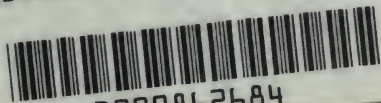
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